

## **FISCAL NOTE**

### **SB 2754 – HB 3944**

February 4, 2008

**SUMMARY OF BILL:** Requires utilities to make every reasonable effort to utilize property for which eminent domain is not required for the construction, extension, or connection of a utility line before resorting to traversing private property.

### **ESTIMATED FISCAL IMPACT:**

**Increase Local Revenue – Exceeds \$100,000**

**Increase Local Expenditures\* – Exceeds \$100,000**


Assumptions:

- According to the Department of Transportation, this bill applies only to utilities and will not have any direct fiscal impact to the state.
- Bill applies to public utilities with the power of eminent domain.
- Requiring that every reasonable effort be made before using eminent domain creates an additional statutory requirement that will give persons opposed to a project additional grounds for legal challenge. The number of such cases is not reasonably determinable, but it is estimated that the cost of this additional litigation will exceed \$100,000.
- Utilities must recover their costs through rates charged to customers. Any increase in expenditures from additional litigation will require additional revenue from customers.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



**SB 2754 – HB 3944**

/kmc

James W. White, Executive Director